

Message Text

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ACTION COME-00

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R 061721Z APR 76

FM AMEMBASSY NIAMEY

TO SECSTATE WASHDC 3368

UNCLAS NIAMEY 1492

E.O. 11652: N/A

TAGS: EFOL, BEXP, NG

SUBJ: TENDER: SOCIETE SONICHAR OF NIGER--ANOU ARAREN
THERMAL POWER STATION

REFERENCE: STATE 081193

1. SONICHAR IS MIXED PUBLIC-PRIVATE ENTERPRISE CREATED FALL 1975 TO DEVELOP ANTHRACITE COAL DEPOSITS IN NIGER'S URANIUM MINING REGION. ALTHOUGH KNOWN RESERVES ARE LOW IN QUALITY (CAN REACH ASH CONTENTS AS HIGH AS 55 PER CENT) AND SMALL (4NB MILLION TONS), COMPANY REPS FEEL NHJT FURTHER EXPLORATION WILL REVEAL LARGER DEPOSITS IN AREA. ELECTRICAL PRODUCTION DESTINED FOR EXISTING SOMAIR AND COMINAK URANIUM MINING OPERATIONS AND ALSO TO SUPPLY ELECTRICITY TO AGADEZ DEPAOMENT.

2. AT THIS TIME SONICHAR ONLY EXISTS ON PAPER; DIRECTOR OF NATIONAL POWER COMPANY DOUBLES AS ACTING SONICHAR DIRECTOR. A JOINT FINANCE BOARD, CAPITALIZED AT 3 MILLION DOLS, HAS BEEN ESTABLISHED WITH SOMAIR AND COMINAK URANIUM MINING CONSORTIUMS PROVIDING NEARLY HALF OF THE CAPITAL. OTHER PARTICIPANTS INCLUDE GON - 26 PER CENT; DEVELOPMENT BANK OF THE REPUBLIC OF NIGER (BDRN) - 10.5 PER CENT; NATIONAL PEANUT COMPANY (SONARA) - 10.5 PAD CENT; NATIONAL POWER COMPANY (NIGEELEC) - 2.6 PER CENT; AND NATIONAL TRANSPORT COMPANY (SNTN) - 2.6 PER CENT. PARTICIPATION BY GON AND BY NIGER'S TWO LARGEST URANIUM MINING CONSORTIUMS WOULD SEEM AUGUR WILL FOR RELIABILITY OF SONICHAR AS CREDIT RISK.

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3. FUNDING FOR PTER SOVATION PURCHASE HAS BEEN SOLICITED

FROM VARIOUS SOURCES, BUT WE ARE TOLD ONLY AFRICAN DEVELOPMENT BANK REMAINS GOOD POSSIBILITY. FOR LACK OF FUNDING, FOREIGN FIRMS BIDDING ON POWER STATION HAVE BEEN ASKED TO PROPOSE OWN CREDIT ARRANGEMENTS--LONG-TERM CREDIT FROM SUPPLIER, PRIVATE BANK/ DEVELOPMENT BANK, OR A COMBINATION OF THE ABOVE. ACTING DIRECTOR OF SONICAR SAYS THAT CREDIT PROPOSALS FROM BIDDING COMPANIES WOULD NOT BE EXPECTED TO COVER SJLL POWER STATION PRICE. FURTHERMORE, FAILURE TO SUBMIT FINANCIAL PACKAGE WITH BID DOES NOT NECESSARILY EXCLUDE BID FROM CONSIDERATION. COMMENT: OBVIOUSLY, HOWEVER, IN EVENT THAT OTHER SOURCES OF FINANCING CANNOT BE FOUND, THE SIZE OF FINANCIAL PACKAGE MAY BE MAJOR FACTOR IN FINAL DECISION. END COMMENT. RD

4. FRENCH FIRMS WILL HAVE SOME ADVANTAGES BUT DEAL IS NOT YET "LOCKED-UP" WITH AGHONE. BIDDING WAS ORIGINALLY TO BE RESTRICTED TO EEC COUNTRIES, AND WAS OPENED UP ON WORLD-WIDE BASIS AT GON INSISTENCE. U.S. FIRMS WILL FACE UPHILL FIGHT, BUT GOOD PROPOSALS WELCOME AND SHOULD RECEIVE ADEQUATE CONSIDERATION.

5. WTDR TO FOLLOW: N.B.: PREQUALIFICATION DATE IS NOT RPT NOT APRIL 25 AS MENTIONED IN REFTEL, BUT APRIL 15. HECK

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